the total fund utilized so far under this scheme;

the total number of tea plantation workers benefited so far under this package;

whether Government has fixed any time limit for implementation of this package;

whether Government is facing any type of hurdles in implementation of the special package so far; and

if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) In order to address the issue of old age of tea bushes and to increase the productivity of plantations, the Union Govt, announced a Special Purpose Tea Fund (SPTF) scheme in January, 2007. In so far as Kerala is concerned, total area targeted for development over a period of 15 years is 36933 hectare. Out of this it is proposed to uproot and replant 3700 hectare and rejuvenate 8600 hectare during the Eleventh Five Year Plan period. Total investment to be made for this purpose during the Eleventh plan period would work out to Rs. 183 crores of which the net outgo from the SPTF by way of loan and subsidy would be Rs. 137 crores comprising Rs. 91 crores as loan and 46 crores as subsidy.

During the 1 st year i.e. 2007-08, a sum of Rs. 1.89 crore has been sanctioned by way of loan for developing 109.68 hectare. A sum of Rs. 1.12 crore has also been sanctioned towards subsidy for develoing 130.48 hectare. A sum of Rs. 45 lakhs has already been disbursed as first instalment of subsidy. Loan disbursement is scheduled to commence from last week of April 2008.

It is not possible to qualify such numbers since the development work in a tea estate is undertaken on area basis. However for replanting one hectare in Kerala 1944 mandays are required.

The time frame for the Special Purpose Tea Fund is 15 years commencing from 2007.

No, Sir.

Does not arise.

Review of incentives for difficult terrain States

3880. SHRI S.S. AHLUWALIA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

whether Government had introduced an industrial policy in 2003 providing incentives to entrepreneurs for setting up industries in the North-Eastern States and in Himachal Pradesh, Uttarakhand, etc. located in difficult terrains;

if so, salient features of the incentives;

whether any review of the impact of the said policy has been carried out in the last five-years;

if so, the findings thereof;

whether Government has recently withdrawn those incentives;

if so, the details thereof; and

the rationale behind the policy revision?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) Yes, Sir. The Government had announced a package of economic incentives to entrepreneurs for setting up industries in the Special Category States of Jammu & Kashmir in 2002, Himachal Pradesh and Uttarakhand in 2003, North Eastern States in 1997 as these States have geographical isolation, hilly inaccessible terrain, poor resource base, remoteness to larger market and poor infrastructure. The incentives provided under the scheme are (i) 100% excise duty exemption (ii) 100% income tax exemption (iii) Central Capital Investment subsidy @ 15% for investment in plant & machinery (iv) Central Interest Subsidy @ 3% on working capital loan and 100% Central Comprehensive Insurance Scheme is applicable in respect of North Eastern States and Jammu & Kashmir.

(c) and (d) An impact assessment of North East Industrial Policy (NEIP), 1997 was carried out by Tata Economic Consultancy Services (TECS) in 2003-04. The broad recommendations of TECS are enclosed as Statement *(See* below). Based on the recommendations, NEIP, 1997 has been modified and a revised North East Industrial & Investment Promotion Policy (NEIIP, 2007) has been announced on 01.04.2007 which includes quantum of capital investment subsidy at enhanced rate of 30% with no upper limit. Incentives to Service Sector, Bio-technology and power generation have also been included.

Government has not withdrawn any of the incentives recently.

and (g) Question does not arise.

Statement

Broad recommendations of TECS

Major findings to TECS:

(i) Predominance of small sized investments in the North Eastern Region, *i.e.* 69% of the new units were set up with an investment of less than Rs. 1 crore and only 18% of them were in the range of Rs. 1-2 crore.

(ii) At the sectoral level, nearly 50% of the total investment was in sectors such as cement, metallurgy and ferro-alloys, 20% in tea, 8% in food & beverages and 7% in cosmetics and consumer durables which attracted higher excise duty.

(iii) Local resource based industries like tea and jute have also taken advantage of this Policy.

(iv) States of Assam and Meghalaya together accounted for 91% of the total industrial investments made in the North Eastern Region.

(v) Out of 18 thrust industries, which were identified on the basis of local resources, only six industries, i.e., food, agro-based, cereal-based products, paper products, plastics and mineral-based have attracted significant investments.

(vi) The flow of investment was mostly driven by the objective to avail excise exemptions in the high excise bracket industries and more than 50% of the excise refund was availed by tobacco and personal care products, which had a low investment content.

(vii) The declining interest regime has not percolated to the North Eastern Region and the interest rates continue to be 14-15% with 100% collateral requirements. Banking institutions continue to perceive the North Eastern region as high risk area, emphasizing the need for term loan interest subsidy.

(viii) Infrastructure constraints, particularly availability/reliability of power, size of market, entrepreneurial capacity and lack of credit facilities coupled with concern for security have been the major deterrents for investment.

(ix) NEIP had a favourable impact on the tea sector.

(x) The investment flow has largely been dictated by considerations of excise duty benefits. Sectors such as handlooms, handicrafts and agro-industries, which are outside the excise duty ambit, have not been able to attract adequate investments. Significantly, these are also sectors with high employment potential.

(xi) The overall cost-benefit analysis clearly establishes that though the NEIP has had a positive impact, it has not been upto the desired extent.

(xii) Special packages announced for the States of Jammu & Kashmir, Uttarakhand and Himachal Pradesh subsequent to NEIP, 1997 have adversely impacted the flow of investments to the North Eastern Region.

Major recommendations of the TECS:

Based on the study and interaction with the various stake-holders, the TECS had recommended the following:

(i) Extension of the NEIP beyond 2007.

(ii) Extension of incentives under the Policy to the new units as well as to the existing units irrespective of their location.

(iii) Extension of incentives to service sectors such as IT and IT enabled services tourism, healthcare and construction activities.

(iv) Provision of quality infrastructure.

(v) Exemption from Minimum Alternative Tax (MAT).

(vi) Extension of the Transport Subsidy Scheme by ten years, with intra-State movement of goods also becoming eligible for transport subsidy.

(vii) Introduction of an enhanced and graded capital investment subsidy.

(viii) Enhancement in present level of interest Subsidy and its extension to term loans.

(ix) Rationalization of the definition of "substantial expansion".

(x) Exemption from service tax to service sector industries.

Sale of unauthorised cylinders

3881. MS. MABEL REBELLO: Will the Minister of COMMERCE AND INDUSTRYbe pleased to state:

(a) whether Government is aware that large scale unauthorized cylinders, regulators and